

Birla Institute of Technology & Science, Pilani
Mid Semester Exam – Regular
1st Semester 2022-23
BITS F482 / ECON F414

Creating & Leading Entrepreneurial Organization

Weightage: 30%

Marks: 60

Duration: 90 Minutes

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- There are 5 questions in the question paper.
 - All questions are compulsory.

Q1. Your team has generated several new business ideas to pick one to begin with. On what criteria you will evaluate these ideas to identify the most suitable one as a business opportunity? **[4 M]**

Q2. Sustainable accessories brand Veganologie wants to make a dent in the \$3T fashion industry. Founded by Angana Maheshwari in Dubai, Veganologie is a sustainable accessories brand that uses recycled materials to manufacture products. Veganologie uses 100 percent vegan, recycled, or sustainable materials. Their products which include crossbody bags, wallets and card holders are all made from recycled PU leather.

In the context of Veganologie, as a part of the product feasibility analysis, what are the critical components to be assessed? **[6 M]**

Q3. E-mobility startup Powerland manufactures electric all-terrain vehicles (ATVs) from its Goa's Verna Industrial Estate, with 400 units manufactured per annum.

For a long time, Narayan Naik, belonging to a Goa-based family business, had wished to enter the automotive space. During the Portuguese occupation of Goa, his family imported Peugeot cars for the Indian market, which ignited a young Narayan's interest in cars. In 2000, the ardent fan of automobiles decided to import diesel-powered all-terrain utility vehicles (ATVs) and sell them in India for agricultural use. However, high import costs put his dream to a halt. In 2014, Narayan's son Tej Naik graduated from Cardiff University, Wales, and opted to fulfil his father's dream. He decided to manufacture ATVs locally to cut down on costs and make the product affordable for Indian consumers.

With co-founders Narayan and Tej at the helm, Powerland was born in 2017 with two employees and a road-legal diesel ATV tractor named 900d.

Riding on the electric mobility wave, the Goa-based startup now manufactures and exports electric ATV tractors for agriculture, defence, and adventure sports segments. At present, it offers Powerland Xplore—a 4x4 electric ATV tractor. This decision, Tej—the Managing Director of Powerland Agro Tractor Vehicles Pvt Ltd—says was taken to offer customers better-performing vehicles with lower noise, have an edge over competitors selling diesel-powered ATVs, and finally, reduce carbon footprint. With an in-house team of 25 employees, Powerland manufactures its ATVs at Goa's Verna Industrial Estate, with 400 units manufactured per annum.

While the ATV manufacturer imported 75% of its components earlier, it has managed to procure 60% of its electric ATVs' components in India. In the next two years, it aims to localise 80% of its components. Moreover, the Goan company is in the final stages of getting its European certification to launch Tachyon—a 4x4 electric ATV tractor—fully designed and developed in India. According to Tej, Tachyon will be one of the fastest 4x4 electric ATVs globally, with 800 nm of torque at the

wheels and 0-60 kmph in less than four secs. Once certified, the vehicle will be sold in the European markets for agricultural, forestry, tourism, and personal mobility uses.

Besides, it works closely with the Defence Research and Development Organisation (DRDO) to make an autonomous electric ATV for defence purposes. The sector requires vehicles with specific requirements to tread on narrow pathways, uphill in extreme off-road terrain, and in extreme weather conditions for logistics and border patrolling. Tej says Powerland's electric ATV can help meet these conditions since the vehicles are 4 feet wide and are silent when driven. While these vehicles cost upwards of \$10,000 (about Rs 8 lakh) in India, more localised procuring of components and increased production capacity will help Powerland price its ATVs more competitively in the future, Tej says.

For global markets, Powerland operates in the business-to-consumer (B2C) and business-to-business (B2B) segments, while in India, it has B2C and business-to-government (B2G) channels. It sees nearly 80% of its domestic sales from the B2C segment. On the other hand, about 95% of its international sales come from distributors based in Europe, the US, and South America. The startup expects the B2G sector in India to grow rapidly over the coming years.

In August 2022, Powerland raised \$1.2 million in equity and debt finance in its pre-Series A round from Germany-based ILAFA Vertriebs GmbH, for an 18% stake in the startup to scale up its production. Besides, ILAFA is a strategic partner for Powerland, helping it distribute its ATVs in major European countries, including Germany, Austria, and Switzerland, with a network of over 100 dealers. "Notably, the funding partner comes from the 'Mecca of Automobiles' in Germany and has put faith in Powerland's 'Make in India for the world' approach. Powerland has bagged an advance order of 300 units of Tachyon for the European market," Tej says.

Earlier in October, the Goa state government signed a Letter of Intent with Powerland to set up a factory to manufacture 10,000 ATV units per annum, and it has begun the land allocation work. Once the new facility opens, in a year and a half, the startup plans to begin with 5,000 units per annum and eventually double the production capacity. Moreover, Powerland expects to increase its team size to 500 employees in the next three years. Over the last two years, Tej says the company has grown 3X in revenue. It aims to grow 5X in 2023.

As per RoC filings, Powerland posted a revenue of Rs 2.01 crore for FY22. The company claims to be growing rapidly and expects to register upwards of Rs 8 crore revenue this financial year.

The way ahead According to Global Market Insights, the global ATV market size exceeded \$3 billion in 2021, projected to expand by over 6% CAGR between 2022-2030. Increasing investments focused on improving vehicle performance, including higher torque, output, enhanced manoeuvrability, and elevating the overall customer experience, will propel the industry expansion, the report highlighted. The global ATV business is dominated by Polaris Industries, Honda, Can-Am, CFMoto, Kawasaki, and Yamaha.

"In India, Polaris Industries is the only dominant player. All major players are focusing on petrol ATVs and electric utility terrain vehicles (UTVs). Powerland has the first-mover advantage in the electric ATV space in India to target the niche segment," Tej says. He adds, "The only competitors in the globally electric ATV space are Eco-Charger Quads from the UK and DRR and Daymak from North America." At present, Powerland sells across pan-India, Europe, the UK, North America, Norway, Brazil, and some countries in South America.

- a) Perform the industry analysis for Powerland by using an appropriate framework. In addition to this, as a budding entrepreneur, would you like to enter in this industry based on your analysis?

[6 M]

- b) Based on the information given in the above caselet, develop the business model canvas for Powerland. **[9 M]**
- c) What are the important Intellectual Properties (IPs) that need to be protected by Powerland? What do you suggest to Powerland to protect those IPs internationally? Elaborate the process with timeline for protecting the same internationally. **[3+3+6 =12 M]**

Q4. Ms. Ragini and her daughter Ms. Ramya are about to launch a business that specializes in Children's parties for different occasions. The target market is upscale families who invest in organizing unique, memorable parties to celebrate special occasions for their children between the age of 3 to 15 yrs. As per Indian traditions and culture other than birthdays; there are at least 5-6 other occasions that families celebrate between the ages of 3 to 7 years for their children. They have leased a large building and have renovated it to include many features designed to appeal to kids, including gym equipment, a skating rink, an obstacle course, ball crawl and even a moveable haunted house. They can offer simple birthday parties or special theme parties as per the requirement of customer. Their business will provide magicians, clowns, comedians, jugglers, tumblers, and variety of other entertainments.

Ms. Ragini and Ms. Ramya have invested Rs 20 lakhs each to get the business ready to be launched. They have also negotiated a bank loan of Rs 20 lakhs. They would like to minimise their risk of failure because of family commitments. In case it clicks, they will incur a loss of Rs 10 lakhs in the first year followed by profit of Rs 20 lakhs in the second year that is expected to grow at 8 % pa.

- a) Suggest a good name and Trade mark for the business. **[3 M]**
- b) Which form of ownership would you recommend? Give pros and cons of the suggested form of business entity to be considered to choose the ownership of business. **[7 M]**
- c) Start-ups commit certain key mistakes while forming a business entity. Explain five critical factors that start-ups should be very clear from the beginning to avoid any legal hassles in future. **[10 M]**

Q5. As an undergraduate student, what are your perceived barriers to take up entrepreneurship as your career rather than taking placement on campus. How those barriers can be overcome through the entrepreneurial ecosystem present around you? **[2+1 =3 M]**
